



The Tamil Nadu State Aid to Industries Act, 1922

Act 5 of 1923

Keyword(s):

Cottage Industry, Small Scale Industry, Transfer, Village Industry

Amendment appended: 10 of 1956

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THE TAMIL NADU STATE AID TO INDUSTRIES
ACT, 1922.

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¹[TAMIL NADU] ACT No. V OF 1923¹.

**[THE ¹(TAMIL NADU) STATE AID TO INDUSTRIES
ACT, 1922.]**

[Received the assent of the Governor on the 19th January 1923 and that of the Governor-General on the 1st March 1923; the assent of the Governor-General was first published in the Fort St. George Gazette of the 3rd March 1923.]

An Act to regulate State Aid to Industries.

WHEREAS it is expedient to give power to ²[the State Preamble.
Government] to assist in the establishment and

¹ These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.

² For Statement of Objects and Reasons, see *Fort St. George Gazette* Part IV, dated the 29th August 1922, page 90; for proceedings of the Council, see *Madras Legislative Council Proceedings*, Volume IX, dated the 14th November 1922, pages 617-654; for Report of the Select Committee and the Bill as amended by it, see *Madras Legislative Council Proceedings*, Volume X, Appendix B, pages 1023-1031; for proceedings of the Council, see *ibid*, pages 1012-1019; and pages 1047-1076.

This Act was extended to the merged State of Pudukkottai by section 3 of, and the First Schedule to, the Tamil Nadu Merged States (Laws) Act, 1949 (Tamil Nadu Act XXXV of 1949).

This Act was extended to the Kanyakumari district and the Shencottah taluk of the Tirunelveli district by section 3 of, and the Schedule to, the Tamil Nadu (Transferred Territory) Extension of Laws Act, 1957 (Tamil Nadu Act XXII of 1957), repealing the corresponding law in force in that territory.

So much of this Act as was in force on the date of the commencement of the Tamil Nadu (Added Territories) Extension of Laws (No. 2) Act, 1961 (Tamil Nadu Act 39 of 1961) in the State of Madras except in the added territories was extended to the added territories by section 3 of, and the First Schedule to, the latter Act.

³ These words were substituted for the words "the Local Government" by section 2 (i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

development of industries in ¹[the ²(State of Tamil Nadu)]; ³() It is hereby enacted as follows :—

Short title.

1. (1) This Act may be called the '[Tamil Nadu] State Aid to Industries Act, 1922.

(2) It extends to the whole of '(the ²[State of Tamil Nadu]).

Definitions.

* 1-A. In this Act—

'[(i) 'cottage industry' means an industrial business or enterprise carried on in any premises to which the Factories Act, 1948 (Central Act LXIII of 1948) does not apply and includes dairy-farming, bee-keeping and keeping a poultry-farm;]

'[(i-a) 'sanctioning authority' means any authority, officer or other person authorized to grant aid by or under this Act :]

'[(ii) 'small-scale industry' means an industrial business or enterprise the capital invested in which does not exceed five lakhs of rupees.]

¹ These words were substituted for the words "the Presidency of Madras" by section 2 (i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² This expression was substituted for the expression "State of Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.

³ The expression "and whereas the previous sanction of the Governor General has been obtained under section 80-A of the Government of India Act to the passing of this Act" was omitted by section 2 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

* These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.

* These words were substituted for the words "Presidency of Madras" by section 2(ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

* This section was inserted by section 2 of the Madras State Aid to Industries (Amendment) Act, 1937 (Madras Act XIII of 1937).

⁷ This clause was substituted for the original clause by section 5 (i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

* This clause was inserted by section 2 (i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961.)

* Original clause (ii) was renumbered as clause (iii) and the present clause (ii) was inserted by section 5 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

'[(ii-a) 'transfer' with all its grammatical variations and cognate expressions includes sale, exchange, mortgage, charge, lease or gift ;]

'[(iii) 'village industry' means any industry which forms the normal occupation, whether whole time or part time, of any class of the rural population of the ¹(State)].

2. The '[State Government] may appoint any ^{Director of} officer or other person to perform all or any of the ^{Industries and} functions of the '[^{Director of Industries and Com-}merce] under this Act. ^{Commerce.}

3. (1) (a) There shall be constituted a Board of ^{Board of} Industries consisting of '[] not more ^{Industries.} than twelve members including the Chairman and the ex-officio members. Not more than three of the members shall be Government officials.

(b) One of the members shall be elected by the members for the time being of the Madras Chamber of Commerce; one by the members for the time being of the Southern India Chamber of Commerce; one by the members for the time being of the Madras Trades Association; ⁷[] two by the members of the ⁸[Tamil Nadu ⁹Legislative Assembly]

¹ This clause was inserted by section 2 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

² Original clause (ii) was renumbered as clause (iii) and the present clause (ii) was inserted by section 5 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

³ This word was substituted for the word "Province" by the Adaptation Order of 1950.

⁴ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

⁵ These words were substituted for the words "Director of Industries," by section 3 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁶ The words "not less than ten and" were omitted by section 6 (i), *ibid.*

⁷ The word "and" was omitted by section 6 (ii) (a), *ibid.*

⁸ This expression was substituted for the expression "Madras Legislative Assembly" by the Tamil Nadu Adaptation of Laws Order, 1970.

⁹ These words were substituted for the words "Legislative Council" by the Adaptation order of 1937.

¹[and one by the members of the '(Tamil Nadu Legislative Council)]. The election shall be conducted in such manner as may be prescribed. A return of the name of every person so elected shall be made to the ³[State Government] by the Chairman of the Chamber or Association concerned and by the Secretary to the '(Legislative Assembly), '(and the Secretary to the Legislative Council) respectively, and such return shall be published in the '(Official Gazette).

(c) The ⁷['(Director of Industries and Commerce), Tamil Nadu], and the Secretary to the ⁹(State Government) in the Finance Department shall be ex-officio members of the Board of Industries.

(2) The Chairman and the remaining members shall be appointed by the ³(State Government) by notification in the '(Official Gazette), provided that if banking or mufassal interests and cottage industries are not represented by election, members so appointed shall include, as far as possible, persons who represent such interests or industries.

(3) The Board of Industries shall assist the ³(State Government) in dealing with applications for the grant of State aid under this Act.

¹ These words were added by section 6 (ii) (b) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² This expression was substituted for the expression "Madras Legislative Council" by the Tamil Nadu Adaptation of Laws Order, 1970.

³ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

⁴ These words were substituted for the words "Legislative Council" by the Adaptation Order of 1937.

⁵ These words were added by section 6(ii) (c) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁶ These words were substituted for the words "Fort St. George Gazette" by the Adaptation Order of 1937.

⁷ This expression was substituted for the expression "Director of Industries and Commerce, Madras" by paragraph 4 of, and the Schedule to, the Tamil Nadu Adaptation of Laws Order, 1970.

⁸ These words were substituted for the words "Director of Industries" by section 3 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁹ This expression was substituted for the expression "Government of Madras" by the Tamil Nadu Adaptation of Laws Order, 1970.

(4) No member shall vote on or take part in the discussion of any question coming up for consideration at a meeting of the Board of Industries if the question is one in which he has any direct or indirect pecuniary interest by himself or his partner or in which he is interested professionally on behalf of a client or as agent for any person other than ¹[the Government or a local authority].

4. No aid shall be given by the ¹[State Government] to any industrial business or enterprise except in accordance with the provisions of this Act. No aid except in accordance with the provisions of the Act.

5. (1) The industries to which aid may be given under this Act shall be such as have an important bearing on the economic development of the country and shall be :

- (a) new or nascent industries, or
- (b) industries to be newly introduced into areas where such industries are undeveloped, or
- (c) cottage industries ²[, or
- ³[(cc) small-scale industries, or]
- (d) old or established industries]:

⁴[]

(2) No such aid shall be given to any joint-stock company unless:

- (a) the same is registered in India on a rupee capital, and

¹ These words were substituted for the words "the Government, a local authority or a Railway Company," by section 6 (iii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

³ This was added by section 2 (i) of the Madras State Aid to Industries (Amendment) Act, 1936 (Madras Act VII of 1937).

⁴ This clause was inserted by section 7 (i) (a) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956)

⁵ This proviso was omitted by section 7 (i) (b), *ibid*.

(b) the company conforms to such rules as may be made by the ¹[State Government] from time to time requiring that a minimum number or a proportion of the members of its board of management shall be ²[citizens of India].

³[Every recipient] of aid under this Act shall make such provision for the training of apprentices as the ¹[State Government] may, from time to time, prescribe.

(3) The decision of the ¹[State Government] as to whether the conditions of this section are fulfilled shall be final ⁴[and shall not be called in question in any Court of law.]

Method of
giving State
aid.

6. Subject to the provisions of this Act and of the rules framed thereunder, the ¹[State Government] shall have power to give aid to an industrial business or enterprise in one or more of the following ways :—

(a) by granting a loan ;

(b) by guaranteeing a cash credit, overdraft or fixed advance with a bank ;

⁵[(c) by paying a subsidy for the conduct of research or for the purchase of implements or machinery or for any other specific purpose ;]

(d) by subscribing for shares or debentures ;

(e) for guaranteeing a minimum return on part of the capital of a joint-stock company ;

¹ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

² These words were substituted for the word "Indians" by the Adaptation (Amendment) Order of 1950.

³ These words were substituted for the words "Provided further that every recipient," by section 7(iii-d) of Tamil Nadu Act X of 1956.

⁴ These words were added by section 2 (ii) of the Madras State Aid to Industries (Amendment) Act, 1936 (Madras Act VII of 1937).

⁵ This clause was substituted by section 8 of Tamil Nadu Act X of 1956 for clause (c) which itself was substituted for the original clause (c) by section 3 of the Madras State Aid to Industries (Amendment) Act, 1937 (Madras Act XII of 1937).

(f) by making a grant on favourable terms of land, raw material, firewood or water, ¹[which is the property of the State];

²[(g) by supplying at concessional rates electric energy from a source ¹(which is the property of the State.)]

³[7. * * * * *]

8. (1) Any person desiring to obtain a loan or other aid for any industrial business or enterprise shall make his application to the ⁴(Director of Industries and Commerce) in such form and shall furnish such information concerning his business as may be prescribed.

Application for State aid and procedure in dealing with applications.

(2) If the extent of the aid applied for exceeds Rs. 50,000 and in any other case in which he considers this procedure necessary, the ⁴[Director of Industries and Commerce] shall publish a notice in the prescribed manner calling upon any person who objects to the grant of the aid applied for to state his objections at a time or place to be specified, and shall hear such objection and make such inquiry as may be necessary.

⁵[(3) Every application for aid exceeding in amount or value twenty-five thousand rupees shall be placed before the Board of Industries for advice.]

¹ These words were substituted by the Adaptation (Amendment) Order of 1950 for the words "the property of the Crown for the purposes of the Province" as substituted for the words "the property of the Local Government" by the Adaptation Order of 1937.

² Clause (g) was added by section 2 of the Madras State Aid to Industries (Amendment) Act, 1935 (Madras Act X of 1935).

³ Section 7 was omitted by the Adaptation Order of 1937.

⁴ These words were substituted for the words "Director of Industries" by section 3 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁵ This sub-section was substituted for the original sub-section 3 by section 3 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

(4) The "[State Government] may constitute district committees for the purpose of advising on applications for aid.

(5) No aid shall be granted under this Act if the Board by a unanimous resolution at a meeting advises the rejection of the application.

Grant of loans.

9. No loan shall be granted of an amount exceeding '[75 per cent] of the '[net value of the assets of the industrial business or enterprise and of any other property offered as collateral security for the loan, after deducting in both cases existing encumbrances], such value to be ascertained by such person as may be appointed by the "[State Government] and in accordance with such rules as may be prescribed; for the purpose of this valuation the additional assets which may be created by the expenditure of the sums granted may be taken into account to such extent as may be prescribed '[. . . .]'.

Loans how secured.

10. '[1] (a) Every loan granted under this Act shall be secured by a mortgage upon the whole or such portion of the assets of the business or enterprise as the sanctioning authority may consider sufficient and where the whole of the assets of the business or enterprise is in the opinion of the sanctioning authority insufficient, by such collateral security

¹ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

² This expression was substituted for the expression "50 per cent" by section 9 of Tamil Nadu Act X of 1956.

³ These words were substituted for the words "net value of the assets of the industrial business or enterprise after deducting existing encumbrances" by section 3 (i) of the Madras State Aid to Industries (Amendment) Act, 1936 (Madras Act VII of 1937).

⁴ The proviso was omitted by section 3 (ii), *ibid*.

⁵ Section 10 was renumbered as sub-section (1) of that section by section 10 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956), and for sub-section (1) as so renumbered, this sub-section was substituted by section 2 of the Tamil Nadu State Aid to Industries (Second Amendment) Act, 1961 (Tamil Nadu Act 41 of 1961).

as may be required by the sanctioning authority and shall bear interest payable on such dates and at such rates as the State Government may determine.

(b) A mortgage executed under clause (a) after the commencement of the ¹[Tamil Nadu] State Aid to Industries (Second Amendment) Act, 1961, shall have priority over all other claims against the assets secured by such mortgage.]

²[(1-A) Notwithstanding anything contained in sub-section (1), but subject to such conditions, restrictions and limitations as may be prescribed, loans may be granted under this Act on the personal security of the applicant, and every such loan shall bear interest payable on such dates and at such rates as the State Government may determine.]

³[(2) Notwithstanding anything contained in [sub-section (1) or sub-section (1-A)], the State Government may direct that any loan granted under this Act to any industrial business or enterprise shall not bear any interest.]

⁴[10-A. (1) Where, before or after the commencement of the [Tamil Nadu] State Aid to Industries (Amendment) Act, 1961, any property has been taken as security ^{Prohibition of transfer of property without permission of the sanctioning authority.}

¹ These words were substituted for the word "Madras" by the Tamil Nadu Adaptation of Laws Order, 1969, as amended by the Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969, which came into force on the 14th January 1969.

² This sub-section was inserted by section 4(i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

³ This sub-section was added by section 10 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁴ These words, brackets, figures and letter were substituted for the word, brackets and figure "sub-section (1)" by section 4 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

⁵ Sections 10-A and 10-B were inserted by section 5, *ibid.*

for any loan granted or any grant made under this Act, then, notwithstanding anything to the contrary in any other law for the time being in force or in the deed of transfer or other document relating to such property, such property shall not be transferred without the written permission of the sanctioning authority.

(2) The sanctioning authority may, in its discretion, by order, permit the transfer of any such property, if the transfer is made in furtherance of the purposes for which the loan was granted or the grant was made, and the assets resulting from the transfer are to be wholly utilized in furtherance of the said purposes.

Explanation.—When granting permission under this sub-section, the sanctioning authority may impose such conditions as it may deem fit to ensure that the assets resulting from the transfer are wholly utilized in furtherance of the purposes for which the loan was granted or the grant was made; but a contravention of any such condition imposed on the transferor shall not invalidate the transfer.

(3) If any such property is transferred without such permission, the transfer shall be null and void.

court not to
attach, sell,
or, without
permission
of the
sanctioning
authority.

10-B. (1) No property referred to in section 10-A shall be liable to be attached, sold, or made subject to a charge by any court, whether in execution of a decree or order or otherwise, unless the person seeking such relief from the court has obtained the written permission of the sanctioning authority to do so and files such permission in court.

(2) When granting such permission, the sanctioning authority may impose such conditions as it may deem fit to secure the proper repayment of the loan or grant together with any interest chargeable thereon and cost, if any, incurred.

(3) If any such property is attached or sold, or a charge is created thereon by any court without the permission of the sanctioning authority having

been obtained and filed as aforesaid, or if any condition imposed by the sanctioning authority when granting such permission is contravened, then, the attachment, sale or charge, as the case may be, shall be null and void.]

11. In any case in which a loan has been applied for under this Act, the applicant, and at any time during the currency of a loan that has been granted under it, the grantee, shall be bound— ^{Inspection and returns.}

(a) to comply with any general or special order of the ¹[State Government] relative to the inspection of the premises, buildings, or plant or stock in hand of the industrial business or enterprise;

(b) to permit the inspection of all accounts relative to the industrial business or enterprise ;

(c) to furnish full returns of all products manufactured or sold both as regards description and quantity ;

(d) to maintain such special accounts or to furnish such statements as the ¹[State Government] may from time to time require ;

(e) to submit the accounts of the industrial business or enterprise to such audit as the ¹[State Government] may prescribe.

12. In any case in which a loan or loans is or are granted under this Act amounting to two lakhs of rupees or upwards, the ¹[State Government] shall, and in any other case may, by the appointment of Government directors or otherwise take power to ensure such control over the conduct of the business or enterprise as shall suffice in their opinion to safeguard their interests. ^{Control of business assisted.}

13. (1) Every loan granted under this Act shall be made repayable by instalments within such period from the date of the actual advance of the loan, or ^{Repayment of loans.}

¹ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

when the loan is advanced in instalments from the date of payment of the last instalment, as may be fixed by the order granting the loan.

(2) The period fixed as aforesaid shall not exceed twenty years unless the ¹[State Government] shall, by general or by special order, extend the same.

Guaranteeing
of loans by
banks.

14. No guarantee of a cash credit, overdraft or fixed advance with a bank shall be given except under the conditions prescribed in sections 9 to 12 in respect of loans.

²[14-A. * * * *]

Subscriptions
for shares
or debentures
or guarantee
of a minimum
return on
capital.

15. The condition of subscription for shares and debentures by the ¹[State Government] or the guarantee of a minimum return on the capital of any industrial business or enterprise shall be that the business or enterprise shall be subject to the conditions of section 11 in respect of inspections and returns as well as of the provisions of section 12 in respect of Government control:

²[]

Subsidy by
the State
Government.

16. The condition ³[] of any payment under guarantee of a minimum return on the paid-up capital or of the grant of Government land, raw material, firewood or water on favourable terms, ⁴[or of the supply from a Government source

¹ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

² Section 14-A, which was inserted by section 2 of the Madras State Aid to Industries (Amendment) Act, 1928 (Madras Act VIII of 1928), and amended by section 4 of the Madras State Aid to Industries (Amendment) Act, 1936 (Madras Act VII of 1937), was omitted by section 11 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

³ This proviso was omitted by section 12 of Tamil Nadu Act X of 1956.

⁴ The words "of a grant of subsidy or" were omitted by section 13(i), *ibid*.

⁵ These words were inserted by section 3 of the Madras State Aid to Industries (Amendment) Act, 1935 (Madras Act X of 1935).

of electric energy at concessional rates] shall ordinarily be that an amount equal to the sum paid or to the value of the grant ¹[or concession] as fixed at the time when it is made shall be repaid to the ²[State Government] at the close of a fixed term of years if within that term the industrial business or enterprise shall be shown to be paying interest or a dividend upon the capital invested in excess of such rate as the ³[State Government] may fix.

²[].

17. No recipient of State aid shall pay any dividend or distribute or take any profits in excess of such percentage rate upon the amount of the capital of the industrial business or enterprise as ⁴[the State Government] may fix from time to time until the conditions on which the State aid has been granted are fulfilled. The balance of the profits, after setting aside proper amounts for depreciation or obsolescence of plant and buildings, and for the payment of interest on debentures of loans, shall be carried to a reserve fund to be utilized in such manner as ⁴[the State Government] may approve.

Disposal of profits when condition of State aid is not fulfilled.

¹ These words were inserted by section 3 of the Madras State Aid to Industries (Amendment) Act, 1935 (Madras Act X of 1935).

² The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

³ This paragraph was omitted by section 13 (ii) Nadu State Aid to Industries (Amendment) Act, 1956 (Act X of 1956).

⁴ The words "the Provincial Government" were for the words "the Government" by the Adaptation Order and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

Grant of aid
to cottage
industries
by the
1[Director of
Industries
and
Commerce].

³[17-A. ³[(1) The Director of Industries and Commerce may, subject to such conditions, restrictions and limitations, if any, as may be laid down by the State Government, grant aid, in accordance with such rules as may be made under this Act for the purpose, to any cottage or small-scale industry up to an amount or value not exceeding twenty-five thousand rupees:

Provided that the Director of Industries and Commerce may, on the recommendation of the Board of Industries and subject to such conditions, restrictions, limitations and rules, as aforesaid, grant aid to any small-scale industry up to an amount or value not exceeding fifty thousand rupees.]

(2) The decision of the ¹[Director of Industries and Commerce] to grant or not to grant aid in any case under sub-section (1) shall not be called in question in any Court of law.

(3) The powers conferred on the ⁴[State] Government by section 12 may also be exercised by the ¹[Director of Industries and Commerce] in cases where aid is ⁵[granted by the Director] under sub-section (1).

¹ The words "Director of Industries" were substituted for the words "Board of Revenue" by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948), and for the words "Director of Industries" these words were substituted by section 3 of Tamil Nadu Act X of 1956.

² This section was inserted by section 2 of the Madras State Aid to Industries (Amendment) Act, 1941 (Madras Act II of 1941), re-enacted permanently with specified modifications by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948).

³ This sub-section was substituted for the original sub-section by section 14(i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

⁴ This word was substituted for the word "Provincial" by the Adaptation Order of 1950.

⁵ These words were substituted for the words "granted by the Board" by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948).

(4) Nothing contained in sections 3 and 8, and save as otherwise may be prescribed by rules made under this Act, nothing contained in sections 9, 10, 11, 14 ⁴[] and 17 shall apply to any application for the grant of aid under sub section (1) or to any case where aid is granted under that sub-section.]

¹[17-B. ³[*] The State Government may, by general or special order, authorize any officer or other person, subject to such conditions, restrictions and limitations, if any, as may be laid down by the State Government, to grant aid, in accordance with such rules as may be made under this Act for the purpose, to any cottage or small-scale industry up to an amount or value not exceeding ten thousand rupees in each case ; and may by general or special order withdraw such authority.

Grant of aid to cottage or small-scale industries by authorized officers.

⁴[(2) * * * * *]]

⁵17-C. (1) Any person who is aggrieved by a Appeal. decision granting or refusing to grant aid under this Act may, within such time as may be prescribed, appeal—

(a) where the decision is that of the Director of Industries and Commerce, to the State Government;

(b) where the decision is that of any other authority, officer or person, to the prescribed authority or officer.

(2) The appellate authority may make such order in the case as it may think fit :

¹ The figures and letter " 14-A " were omitted by section 14 (ii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² This section was inserted by section 15 of Tamil Nadu Act X of 1956.

³ The brackets and figure "(1)" were omitted by section 6 (a) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

⁴ This sub-section was omitted by section 6(b), *ibid*.

⁵ Sections 17-C and 17-D were inserted by section 7, *ibid*.

Provided that the appellate authority shall not pass any order prejudicial to any party unless he has had a reasonable opportunity of making his representations.

(3) Every order passed in appeal under this section shall, subject to the provisions of section 17-D, be final.

Power of Government to call for records and pass orders.

¹17-D. (1) The State Government may call for and examine the record of any officer or authority subordinate to them in respect of any proceeding to satisfy themselves as to the regularity of such proceeding or the correctness, legality or propriety of any decision or order passed therein ; and, if, in any case, it appears to the State Government that any such decision or order should be modified, annulled, reversed or remitted for reconsideration, they may pass orders accordingly :

Provided that the State Government shall not pass any order prejudicial to any party unless he has had a reasonable opportunity of making his representations.

(2) No application to the State Government for the exercise of their power under sub-section (1) shall be made in respect of any proceeding of any officer or authority other than the Director of Industries and Commerce or of any decision or order passed in any such proceeding unless an appeal had already been preferred in respect of such proceeding, decision or order under section 17-C and such appeal had been disposed of.

Methods of recovery of money due.

18. (1) All moneys payable under this Act, including any interest chargeable thereon and cost, if any, incurred, if not paid when due, may be recovered from the person aided and his surety, if any, under the law for the time being in force as if they were arrears of land revenue.

¹ Sections 17-C and 17-D were inserted by section 7 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

(2) When any sum due as aforesaid is paid by the surety or is recovered from him or out of his property under sub-section (1) the Collector shall, on the application of the surety, so far as possible, recover the same from the person aided and pay the same to the surety.

¹[18-A. The State Government may, having regard to the value of the assets of any industrial business or enterprise or to the desirability of the State Government themselves granting aid directly to any industrial business or enterprise or if they consider that it would not be in the public interest to apply all or any of the provisions of this Act thereto, by order, exempt, subject to such conditions as they may think fit to impose, any industrial business or enterprise or class of industrial businesses or enterprises as they may specify in the order, from all or any of the provisions of this Act or of any rule or order made thereunder.]

Exemptions.

19. (a) The ²[State Government] may ³[by notification] make rules to carry out all or any of the purposes of this Act not inconsistent therewith.

Power to make rules.

(b) In particular and without prejudice to the generality of the foregoing power, they may make rules regulating all or any of the following matters :—

(1) the classes of industrial businesses or enterprises to which and the purposes for which aid may be given ;

(2) the constitution of the Board of Industries, the term of office of its members, the quorum at the Board's meetings, the method of arriving at its

¹ This section was inserted by section 16 of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

³ These words were inserted by section 8 (1) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

decisions, the appointment of its staff, the remuneration of its members and all other matters relative to the conduct of its business ; and the constitution and functions of district committees ;

¹[(3) * * *]

(4) the manner of making applications for State aid and the information to be given in such applications, provided that no such rules shall require any applicant or grantee of aid to divulge any information relating to the technical details of any process or any patent owned by him ;

(5) the manner of conducting inquiries and the matters to be specially inquired into in dealing with applications for State aid and the powers to be exercised by the ²[sanctioning authority] conducting such inquiries ;

(6) the mode of ascertaining the value of the assets of an industrial business or enterprise ; ³[or of any property offered as collateral security for a loan ;]

(7) the nature of the security to be taken for the due application of loans and grants and the rates of interest at which and the conditions under which loans or grants may be given, and the creation of a mortgage, floating charge or collateral security under section 10 ;

(8) the inspection of the premises, buildings, plant and stock on hand and the accounts of any industrial business or enterprise for which State aid has been granted ;

¹ This clause was omitted by Schedule II to the Adaptation Order of 1937.

² These words were substituted for the words " Director of Industries and Commerce " by section 8 (2) (a) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

³ These words were added by section 5 of the Madras State Aid to Industries (Amendment) Act, 1936 (Madras Act VII of 1937).

(9) the mode of keeping and auditing the accounts and of furnishing returns of any industrial business or enterprise in respect of which State aid has been granted ;

(10) the appointment and functions of Government directors or the prescribing of other methods of control of industrial businesses or enterprises in respect of which State aid has been granted ;

(11) the application of profits in cases in which the conditions under which loans or grants have been made have not been fulfilled ;

(12) the guaranteeing by the ¹ [State Government] of cash credits, overdrafts or fixed advances by banks and the recognition of banks for this purpose ;

(13) the fixing of the period for the repayment of loans and the conditions and dates of the repayment of subsidies and grants ; ²[]

(14) the recovery of any moneys due under this Act ³[]

⁴[(15) the conditions under which and the security on which loans shall be granted or guarantees of a cash credit, overdraft or fixed advance with a bank given to any industrial business or enterprise under this Act ;]

¹ The words "Provincial Government" were substituted for the words "Local Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

² The word "and" was omitted by section 3 of the Madras State Aid to Industries (Amendment) Act, 1928 (Madras Act VIII of 1928).

³ The word "and", which was inserted by *ibid*, was omitted by section 3 (i) of the Madras State Aid to Industries (Amendment) Act, 1941 (Madras Act II of 1941), re-enacted permanently with specified modifications by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948).

⁴ This clause was substituted for clause (15) by section 8 (2) (b) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

¹[and

(16) all matters connected with, or relating to, the grant of aid by the '[Director of Industries and Commerce] under section 17-A, including all matters referred to in the foregoing clauses which are applicable to such grant.]

'[(c) All rules made under this Act shall be published in the *Fort St. George Gazette* and, unless they are expressed to come into force on a particular day, shall come into force on the day on which they are so published.

(d) Every rule made under this Act shall, as soon as possible, after it is made, be placed on the table of both Houses of the Legislature, and if, before the expiry of the session, in which it is so placed or the next session, both Houses agree in making any modification in any such rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]

Powers of
the State
Government
as regards
starting or
conducting
industries
and giving
aid of certain
kinds.

20. Nothing in this Act shall be held to debar '[the State Government]

¹ The word "and" and clause (16) were inserted by section 3 (ii) of the Madras State Aid to Industries (Amendment) Act, 1941 (Madras Act II of 1941), re-enacted permanently with specified modifications by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948).

² The words "Director of Industries" were substituted for the words "Board of Revenue" by section 3 of, and the Second Schedule to, the Tamil Nadu Re-enacting (No. II) Act, 1948 (Tamil Nadu Act VIII of 1948), and for the words "Director of Industries" these words were substituted by section 3 of Tamil Nadu Act X of 1956.

³ These sub-sections were substituted for the proviso to section 19 by section 8 (3) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1961 (Tamil Nadu Act 14 of 1961).

⁴ The words "the Provincial Government" were substituted for the words "the Government" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

(a) from starting or conducting industrial enterprise for experimental purposes or with a view to stimulate industrial development ;

(b) from assisting an industrial business or enterprise by agreements to purchase on business terms the whole or a portion of the products of the same ;

(c) from assisting an industrial business or enterprise by giving gratis or on favourable terms, the services of ¹[Government officials, experts or others] either in the capacity of advisers or for a limited period not exceeding one year for starting or conducting such business or enterprise ;

(d) from assisting an industrial business or enterprise in connexion with industrial education or the training of apprentices ;

²[(dd) from assisting any industrial business or enterprise in any other manner which may be determined by the State Government] ;

³[(e) from assisting a village industry in any manner which may be determined by the (State) Government] ;

⁴[(f) from establishing a company for the purpose of giving financial assistance to industrial concerns and enterprises or from subscribing for shares in, or in any manner aiding.

¹ These words were substituted for the words " Government officials or experts," by section 17 (i) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

² This clause was inserted by section 17 (ii), *ibid.*

³ This clause was added by section 5 of the Madras State Aid to Industries (Amendment) Act, 1937 (Madras Act XIII of 1937).

⁴ This word was substituted for the word " Provincial " by the Adaptation Order of 1950.

⁵ Clauses (f) and (g) were added by section 2 of the Madras State Aid to Industries (Amendment) Act, 1949 (Madras Act IV of 1949).

such company, on such terms and conditions as the ¹[State] Government may by general or special order lay down ;

(g) from subscribing for shares in, or in any manner aiding, any industrial concern or enterprise, the paid-up capital of which exceeds thirty lakhs of rupees, on such terms and conditions as the ¹[State] Government may by general or special order lay down.]

²[(h) from assisting any industrial business or enterprise in the purchase of implements or machinery :

(i) from assisting in the marketing of products in the possession of any industrial business or enterprise.]

¹ This word was substituted for the word " Provincial " by the Adaptation Order of 1950.

² Clauses (h) and (i) were added by section 17 (iii) of the Tamil Nadu State Aid to Industries (Amendment) Act, 1956 (Tamil Nadu Act X of 1956).

¹[TAMIL NADU] ACT No. X OF 1956.]²

[THE ¹[TAMIL NADU] STATE AID TO INDUSTRIES
(AMENDMENT) ACT, 1956.]

*(Received the assent of the Governor on the 2nd May 1956;
first published in the Fort St. George Gazette on the
9th May 1956.)*

An Act further to amend the ¹[Tamil Nadu] State Aid to
Industries Act, 1922.

WHEREAS it is expedient further to amend the ¹[Tamil
Nadu] State Aid to Industries Act, 1922 (¹[Tamil Nadu]
Act V of 1923), for the purposes hereinafter appearing ;

BE it enacted in the Seventh Year of the Republic of India
as follows :—

1. This Act may be called the ¹[Tamil Nadu] State Short title.
Aid to Industries (Amendment) Act, 1956.

2—17. [The amendments made by sections 2—17 have
been incorporated in the principal Act (Tamil Nadu Act
V of 1923).]

18. Any aid given to any industrial business or enter- Validation.
prise by the State Government from the Consolidated
Fund of the State or out of the funds placed at the disposal
of the State Government by the Central Government or
any other authority after the 26th September 1953 shall be
deemed to have been given under the provisions of the
principal Act, as amended by this Act, and all the provi-
sions of that Act as so amended shall, with effect from the
commencement of this Act, apply to the aid so given.

¹ These words were substituted for the word "Madras" by the
Tamil Nadu Adaptation of Laws Order, 1969, as amended by the
Tamil Nadu Adaptation of Laws (Second Amendment) Order, 1969.

² For Statement of Objects and Reasons, see *Fort St. George
Gazette*, Part IV-A, Extraordinary, dated the 28th January 1956,
Pages 13—15.